

**RiverWest Development-
305 W. Front Street
Traverse City, MI**

Brownfield Plan

Grand Traverse County
Brownfield Redevelopment Authority
Traverse City, Michigan

September 26, 2007

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1. Property Summary

Project Summary Sheet – Brownfield Plan –

Project Name:	RiverWest Development	
Business Line:	The Owner, Pine Street Development One, LLC is operated by managing member, Mr. Gerald Snowden	
Property Location:	305 W. Front Street, Traverse City, MI	
Property Num. & Size:	28-51-794-011-000 (1.77 acres)	
Project Description:	Creation of a new multi-story mixed-use LEED Certified development along the Boardman River.	
Total Estimated Investment:	Building and Property Improvements: \$58,140,000 – of which \$4,094,868 will be eligible for Brownfield Reimbursement.	
Estimated Job Creation:	Based on the available commercial space, both retail and office, it is anticipated that is development will result in the creation of approximately 200 jobs. The average salary for these positions will from \$11.00 to \$15.00 per hour, benefits will vary.	
Duration of Plan:	16 years (up to 30 years, if necessary)	
Reimbursement to Development:	\$ 4,094,868	Brownfield Reimbursement
New Taxes Generated:	This project falls within the Downtown Development Authority (DDA). New local taxes will be captured by the DDA.	
Eligible Activities:	\$ 4,094,868	Eligible for Brownfield reimbursement
	\$ 4,565,298	Estimated SBT/MBT Credit
Uses of GTBRA Capture:	\$ 4,094,868	Reimbursed to Developer by GTBRA
(over the life of plan)	\$ -	Used for GTBRA plan administration
	\$ -	Deposited in the GTBRA Revolving Fund
Total:	<u>\$ 4,094,868</u>	

2. Site Location and Photo

See Attachment I

3. Past Use of the Property - Site History

The site, located at 305 West Front Street, hereinafter referred to as “the Property”, was formerly used by Grand Traverse Auto for used automobile sales. It consisted of a paved parking area and a 1,200 square foot modular sales office building. A portion of the site is currently paved, however, the sales office has been removed. Phase I and Phase II Environmental Site Assessments were performed for the property in 1997 and 2005. In addition, a Category N BEA was prepared for the site and submitted to the MDEQ.

According to the Phase I ESA, the site was developed in the late 1890's and held the Potato Implement Company, which manufactured potato tools and corn planters. Between 1929 and 1946, ownership of the property transferred to Acme Line Manufacturing. Acme Line manufactured sprayers and planting equipment. In the 1960's the property was transferred to the Grand Traverse Auto Dealership. According to the aerial photographs, the manufacturing building was removed between 1952 and 1964. Based on the former uses of the site, Phase II sampling was initiated. Areas targeted for additional investigation included a railroad spur, the former manufacturing facility, a former varnish/paint storage building, and former warehouses. Results from the sampling indicated levels of total lead and arsenic above the residential criteria.

Based on this information, the property was determined to be a “Facility” under State of Michigan Department of Environmental Quality standards. Based on the definition set forth in Public Act 381 of 1996, “Facility” means that the property has known contamination above the threshold criteria set by MDEQ.

4. Brownfield Purpose and Project Description

The purpose of this Brownfield Plan, to be implemented by the County of Grand Traverse, City of Traverse City, and the Grand Traverse Brownfield Redevelopment Authority, is to satisfy the requirements for a Brownfield Plan, as specified in Act 381, 1996, as amended, MCLA 125.2651, et. seq., which is known as the “Brownfield Redevelopment Financing Act” (the Act).

Pine Street Development ONE, LLC (PSDO) is proposing to create a high quality residential and retail building in Downtown Traverse City at 305 W. Front Street. The proposed development includes a six-story retail and office building, approximately 70,000 square feet along Pine and Front streets, winding down into a u-shaped design to a seven-story retail and residential building of approximately 120,000 square feet overlooking the Boardman River. A five-level, privately and publicly funded parking structure is also proposed for this development. PSDO currently owns the property for the proposed development.

PSDO is committed to obtaining LEED certification at the finish of construction for this building. This development will incorporate a Green Roof and environmentally friendly use of materials and design.

Based upon preliminary financial analysis, the project will not proceed without tax increment financing assistance.

5. **Public Purpose and Job Creation**

This proposed redevelopment would result in significant measurable economic benefits to the City of Traverse City and surrounding areas in several key ways. Through the redevelopment of this underutilized property, it will bridge the existing gap between the traditional downtown area and properties to west of the Boardman River. This improvement of the W. Front Street corridor will increase the walkability of the downtown area and bring more consumers to the downtown area to work, live, and shop. The project will also enhance the City of Traverse City's tax basis by permanently bringing this vacant and underutilized Property onto the tax rolls as a vibrant mixed-use area. It will also allow for the redevelopment of a former manufacturing site on the Boardman River, resulting in significant aesthetic and environmental improvements for the community.

This redevelopment will also result in significant job creation. Based on the proposed commercial space, both retail and office, it is anticipated that this development will result in the creation of approximately 200 jobs. The average salary for these positions will be from \$11.00 to \$15.00 per hour, benefits will vary. These estimated figures do not include temporary job creation during construction.

6. **Eligible Activities**

See Table 1 for detail.

The cost estimates provided on this Table 1 are based on information from a previous Phase I and Phase II Environmental Site Assessments and preliminary engineering and construction estimates. By design, this information is limited in scope and, therefore, the estimates are for budgeting purposes only and the actual costs may be different.

(SUT)
It is the intent of this Plan to allow reimbursement from Contingency for the cost of: a) any unplanned but eligible activity needed to complete the project and b) additional costs for eligible activities listed in Schedule 1. Further, the intent of this Plan is to allow excess funds (e.g. where the work was completed under the budget shown) from any project element line item to be used as part of the contingency category. *That only the Brownfield authority has the ability to transfer funds.*

7. **Captured Taxable Value and Tax Increment Revenues**

The GTBRA will capture the tax increment revenues from 2007 through 2022, which will be generated by the increase in taxable value. See Table 2 for a summary of the anticipated taxable value and the tax increment revenue. The cost reimbursement portion

of the plan is expected to be completed in 16 years but will remain in effect for as many years as is required to fully reimburse the eligible costs as the Act allows.

The captured incremental taxable value and associated tax increment revenue will be based on the actual 2007 base value of the Property as determined by the City Assessor, and the actual increased taxable value of the land and all future taxable improvements on the Property during each year of the Plan. Furthermore, the amount of tax increment revenue available under this Plan will be based on 100% of the actual millage levied annually by each taxing jurisdiction on the increase in tax value resulting from the redevelopment project that is eligible and approved for capture.

Since 305 W. Front St. is located with a DDA, the calculations are based on 100% State tax capture for MDEQ and MEGA eligible activities. The Developer will be applying to the State of Michigan for the Michigan Brownfield Single Business Tax or Michigan Business Tax credit.

8. Method of Brownfield Plan Financing

The costs associated with state capture eligible activities, listed in Table 1 will be initially paid for by the Developer. The Developer will be reimbursed for these costs by the GTBRA utilizing 100% of the new state taxes captured from the project over the fourteen (14) years of this Plan. The current estimated amount of capture used to reimburse the Developer over the 16-year period is \$4,094,868. If the actual capture is less than that projected in this Plan, the total amount of reimbursement from the GTBRA to the Developer may be less than \$4,094,868.

9. Amount of Note or Bonded Indebtedness Incurred

None.

10. Duration of the Brownfield Plan

Unless amended by the GTBRA and the Grand Traverse Board of Commissioners, the Plan is anticipated to remain in effect until through 2022.

12. Estimate of the Impact of TIF

The estimated impact of tax increment financing on the taxing jurisdiction is presented on Table 2. As shown, only school taxes are being captured in this plan. The local taxes are to be captured by the DDA as part of the overall project.

13. Legal Description & Site Map

The legal description of the Eligible Property and a map showing the location and dimensions are provided as Attachment II. Based on this information, the property was determined to be a "Facility" under State of Michigan Department of Environmental Quality standards

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14. Personal Property

Incremental tax revenues resulting from new personal property will be captured in the same proportions as real property. These funds will be used to reimburse the GTBRA and Developer for eligible activities. The value of the new personal property cannot be estimated at this time but is expected to be relatively small in comparison to the increase in real property value.

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13. Zoning

The property commonly known as 305 West Front Street (28-51-794-001-00) is zoned C-4c (Regional Center District). This is a mixed district, which would allow, but is not limited to, retail, office, financial, and residential uses. Please refer to Section 1346.01 of the City Zoning Code for a complete list of uses allowed.

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14. Displacement of Persons

There are no persons currently residing on the property.

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15. Additional Resources and Site Remediation Revolving Fund

Approximately \$362,365 has been estimated to address environmental related activities. To offset the costs associated with these activities, financial assistance, grants and/or loans, will be pursued through the Michigan Department of Environmental Quality.

The Property is located within the Downtown Development Authority (DDA). On August 6, 2007, the City Commission of the City of Traverse City unanimously approved an ordinance amending Tax Increment Financing and Development Plan #97 to Fund Public Parking and Public Utilities. Within this amendment included activities related to the RiverWest (Pine Street) Development.

Since this property will be located within a DDA no incremental tax capture will occur for the Site Remediation Revolving Fund

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16. Other Information

The GTBRA and the Grand Traverse County Board of Commissioners, in accordance with the Act, may amend this Plan in the future in order to fund additional eligible activities associated with the Project described herein.

Additionally, a draft 381 Work Plan is included under separate cover.

Table 1 - Eligible Activities and Costs
RiverWest Redevelopment
September 26, 2007

September 26, 2007				
ACTIVITY	COST	SCHOOL	SCHOOL	LOCAL
ENVIRONMENTAL (MDEQ)				
Baseline Environmental Assessment	\$ 5,000	100.00%	\$ 5,000	0.0%
Section 7a Compliance Analysis (Due Care Plan)	\$ 6,000	100.00%	\$ 6,000	0.0%
Act 381 Work Plan	\$ 10,000	100.00%	\$ 10,000	0.0%
Supplemental Environmental Assessment (100 yr Flood Plain)	\$ 25,000	100.00%	\$ 25,000	0.0%
Gravel and Asphalt Cover	\$ 51,000	100.00%	\$ 51,000	0.0%
Removal & Disposal of Contaminated Soil, Fill and Buried Debris	\$ 177,000	100.00%	\$ 177,000	0.0%
Environmental Controls, Remediation Oversight, Confirmatory Sampling	\$ 41,100	100.00%	\$ 41,100	0.0%
Contingency (15%)	\$ 47,265	100.00%	\$ 47,265	0.0%
Subtotal:	\$ 362,365	100.00%	\$ 362,365	0.0%
SITE PREPARATION (MEGA)-Phase I & II				
Foundation and Structural Demolition	\$ 41,000	100.00%	\$ 41,000	0.00%
Excavation (Grading/Balancing)	\$ 812,500	100.00%	\$ 812,500	0.00%
Geopiers (site-specific condition)	\$ 780,000	100.00%	\$ 780,000	0.00%
Structural Floor Slab (site-specific condition)	\$ 520,000	100.00%	\$ 520,000	0.00%
Deep Fill Investigation	\$ 19,500	100.00%	\$ 19,500	0.00%
Engineering	\$ 98,280	100.00%	\$ 98,280	0.00%
Boardman River Sheet Piling (Temporary)	\$ 180,000	100.00%	\$ 180,000	0.00%
Stormwater Improvements	\$ 300,000	100.00%	\$ 300,000	0.00%
Traffic Controls	\$ 10,000	100.00%	\$ 10,000	0.00%
Construction Management (For Eligible Activities Only)	\$ 153,625	100.00%	\$ 153,625	0.00%
Permits (For Eligible Activities Only)	\$ 113,750	100.00%	\$ 113,750	0.00%
Fire Hydrants	\$ 217,000	100.00%	\$ 217,000	0.00%
Contingency (15%)	\$ 486,848	100.00%	\$ 486,848	0.00%
Subtotal:	\$ 3,732,503	100.00%	\$ 3,732,503	0.00%
Total Incremental Tax Capture:	\$ 4,094,868	100.00%	\$ 4,094,868	0.00%

NOTE: These costs and revenue projections should be considered approximate estimates based on expected conditions and available information. They provide our professional opinion at this time based on our experience. We cannot guarantee that the costs and revenue projections will not vary from this estimate.

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Table 2: Tax Increment Revenues Captured by the Brownfield Redevelopment Authority
RiverWest Development-305 W. Front Street
(MEGA and MDEQ Eligible Activities only)
September 26, 2007

Initial Projected Taxable Value (2008): \$ 6,000,000
Current Taxable Value (2007): \$ 1,319,095
Incremental Taxable Value: \$ 4,680,905 Increase 2% annually

Millage Category	Captured Millage																		
	All Millage Rates	Rates	Captured Millage	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Capturable Taxable Value				\$ -	\$ -	\$ 4,680,905	\$ 8,174,523	\$ 14,338,014	\$ 20,624,774	\$ 21,037,269	\$ 21,458,015	\$ 21,887,175	\$ 22,324,918	\$ 22,771,417	\$ 23,226,845	\$ 23,691,382	\$ 24,165,210	\$ 24,648,514	\$ 25,141,484
School Operating (Non-Homestead-50% of development)	18.0000	18.0000	\$ 1,624,715	\$ -	\$ -	\$ 42,128	\$ 73,571	\$ 129,042	\$ 185,623	\$ 189,335	\$ 193,122	\$ 196,985	\$ 200,924	\$ 204,943	\$ 209,042	\$ 213,222	\$ 217,487	\$ 221,837	\$ 224,576
State Education Tax	6.0000	6.0000	\$ 1,083,143	\$ -	\$ -	\$ 28,085	\$ 49,047	\$ 86,028	\$ 123,749	\$ 126,224	\$ 128,748	\$ 131,323	\$ 133,950	\$ 136,629	\$ 139,361	\$ 142,148	\$ 144,991	\$ 147,891	\$ 150,800
City	13.2295	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County	5.0815	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ISD Allocated	2.9589	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Northwestern College	2.2127	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
DDA	1.8173	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Library Operation	0.9827	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Medical Care Facility	0.6785	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
BATA	0.3428	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commission of Aging	0.2718	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Recreation Authority	0.1000	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School Debt Service	3.1000	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City Debt	0.7300	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Library Bond	0.2130	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Recreation Authority Debt	0.2700	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Incremental Tax	55.9887	24.0000	\$ 4,094,868	\$ -	\$ -	\$ 70,214	\$ 122,618	\$ 215,070	\$ 309,372	\$ 315,559	\$ 321,870	\$ 328,308	\$ 334,874	\$ 341,571	\$ 348,403	\$ 355,371	\$ 362,478	\$ 369,728	\$ 376,999

School Tax Captured	\$ 4,094,868	\$ -	\$ -	\$ 70,214	\$ 122,618	\$ 215,070	\$ 309,372	\$ 315,559	\$ 321,870	\$ 328,308	\$ 334,874	\$ 341,571	\$ 348,403	\$ 355,371	\$ 362,478	\$ 369,728	\$ 376,999	\$ 384,177	\$ 391,355
Non-School Tax Captured	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Tax Captured	\$ 4,094,868	\$ -	\$ -	\$ 70,214	\$ 122,618	\$ 215,070	\$ 309,372	\$ 315,559	\$ 321,870	\$ 328,308	\$ 334,874	\$ 341,571	\$ 348,403	\$ 355,371	\$ 362,478	\$ 369,728	\$ 376,999	\$ 384,177	\$ 391,355

	Aggregate		Application of Funds																
Capture for Eligible Costs:	\$ 4,094,868		\$ -	\$ -	\$ 70,214	\$ 122,618	\$ 215,070	\$ 309,372	\$ 315,559	\$ 321,870	\$ 328,308	\$ 334,874	\$ 341,571	\$ 348,403	\$ 355,371	\$ 362,478	\$ 369,728	\$ 376,999	\$ 384,177
Capture for Revolving Loan Fund:	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
BRA Administrative Costs:	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Tax Capture	\$ 4,094,868		\$ -	\$ -	\$ 70,214	\$ 122,618	\$ 215,070	\$ 309,372	\$ 315,559	\$ 321,870	\$ 328,308	\$ 334,874	\$ 341,571	\$ 348,403	\$ 355,371	\$ 362,478	\$ 369,728	\$ 376,999	\$ 384,177
Cumulative Total Capture			\$ -	\$ -	\$ 70,214	\$ 192,831	\$ 407,902	\$ 717,273	\$ 1,032,832	\$ 1,354,702	\$ 1,683,010	\$ 2,017,884	\$ 2,359,455	\$ 2,707,858	\$ 3,063,229	\$ 3,425,707	\$ 3,795,434	\$ 4,171,433	\$ 4,547,432
Eligible Reimbursable Costs:	\$4,094,868		Reimbursement Period: 16 Years																
GTBRA Administrative Costs:	\$0																		

Assumption No. 1:	Year	Built-out	Amount
	2008	28%	\$ 15,000,000
	2009	44%	\$ 8,500,000
	2010	72%	\$ 15,000,000
	2011	100%	\$ 15,000,000
			\$ 53,500,000

Assumption No. 2: 50% Homestead Taxable Basis

NOTE: These costs and revenue projections should be considered approximate estimates based on expected conditions and available information. They provide our professional opinion at this time based on our experience. We cannot guarantee that the costs and revenue projections will not vary from this estimate.

Attachment I: Photos of the Proposed Development Site

Property Location



Front Street frontage – Looking west



Pine Street frontage – Looking southwest



South side of site and probable access point off of Pine Street - Looking west



Easter site area with corner exposure – Looking southwest



Western site area – Looking southeast



River frontage - Looking northerly



Attachment II: Legal Description of the Property

Legal Description of the Property

The property is composed of the following parcel:

Property Tax ID No: 28-51-794-001-00

All that part of Block 1, Original Plat of Travers City, lying North of the following description line: Commencing at the centerline of Pine and State Streets, thence North $0^{\circ} 15'$ West, 15.0 feet, then South $89^{\circ} 47'$ West, 33.00 feet to the West right-of-way line of Pine Street, thence North along said right-of-way, 175.52 feet to the Point of Beginning of line herein being described, thence West to Boardman River and Termination of line herein being described.

PRELIMINARY DRAFT

**MICHIGAN ECONOMIC GROWTH AUTHORITY (MEGA)
AND
MICHIGAN DEPARTMENT OF ENVIRONMENTAL QUALITY (MDEQ)
ACT 381
WORK PLAN
TO CONDUCT ELIGIBLE ACTIVITIES**

**RiverWest Development
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September 26, 2007

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